Atlantic Canada Opportunities Agency

Agence de promotion économique du Canada atlantique

Atlantic Canada Opportunities Agency

2013-14

Departmental Performance Report

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Foreword

Departmental Performance Reports are part of the Estimates family of documents. Estimates documents support appropriation acts, which specify the amounts and broad purposes for which funds can be spent by the government. The Estimates document family has three parts.

Part I (Government Expenditure Plan) provides an overview of federal spending.

Part II (Main Estimates) lists the financial resources required by individual departments, agencies and Crown corporations for the upcoming fiscal year.

Part III (Departmental Expenditure Plans) consists of two documents. Reports on Plans and Priorities (RPPs) are expenditure plans for each appropriated department and agency (excluding Crown corporations). They describe departmental priorities, strategic outcomes, programs, expected results and associated resource requirements, covering a three-year period beginning with the year indicated in the title of the report. Departmental Performance Reports (DPRs) are individual department and agency accounts of actual performance, for the most recently completed fiscal year, against the plans, priorities and expected results set out in their respective RPPs. DPRs inform parliamentarians and Canadians of the results achieved by government organizations for Canadians.

Additionally, Supplementary Estimates documents present information on spending requirements that were either not sufficiently developed in time for inclusion in the Main Estimates or were subsequently refined to account for developments in particular programs and services.

The financial information in DPRs is drawn directly from authorities presented in the Main Estimates and the planned spending information in RPPs. The financial information in DPRs is also consistent with information in the Public Accounts of Canada. The Public Accounts of Canada include the Government of Canada Consolidated Statement of Financial Position, the Consolidated Statement of Operations and Accumulated Deficit, the Consolidated Statement of Change in Net Debt, and the Consolidated Statement of Cash Flow, as well as details of financial operations segregated by ministerial portfolio for a given fiscal year. For the DPR, two types of financial information are drawn from the Public Accounts of Canada: authorities available for use by an appropriated organization for the fiscal year, and authorities used for that same fiscal year. The latter corresponds to actual spending as presented in the DPR.

The Treasury Board *Policy on Management, Resources and Results Structures* further strengthens the alignment of the performance information presented in DPRs, other Estimates documents and the Public Accounts of Canada. The policy establishes the Program Alignment Architecture of appropriated organizations as the structure against which financial and non-financial performance information is provided for Estimates and parliamentary reporting. The same reporting structure applies irrespective of whether the

organization is reporting in the Main Estimates, the RPP, the DPR or the Public Accounts of Canada.

A number of changes have been made to DPRs for 2013-14 to better support decisions on appropriations. Where applicable, DPRs now provide financial, human resources and performance information in Section II at the lowest level of the organization's Program Alignment Architecture.

In addition, the DPR's format and terminology have been revised to provide greater clarity, consistency and a strengthened emphasis on Estimates and Public Accounts information. As well, departmental reporting on the Federal Sustainable Development Strategy has been consolidated into a new supplementary information table posted on departmental websites. This new table brings together all of the components of the Departmental Sustainable Development Strategy formerly presented in DPRs and on departmental websites, including reporting on the Greening of Government Operations and Strategic Environmental Assessments. Section III of the report provides a link to the new table on the organization's website. Finally, definitions of terminology are now provided in an appendix.

Minister's Message

Our Government is committed to maintaining Canada's economic stability by creating jobs, growth and long-term prosperity through our Economic Action Plan.

Canada's success depends on the competitiveness of its businesses and industries. That is why, in 2013-14, the Atlantic Canada Opportunities Agency (ACOA) continued to help small and medium-sized enterprises (SMEs) to innovate and commercialize their products and services, to enhance their business skills and productivity, and to sharpen their competitive edge in domestic and global markets. The Agency also worked to identify opportunities and challenges related to the growth and sustainability of communities, particularly those in rural areas, and the resource sectors on which many rely.

In New Brunswick, ACOA supported the growth of an early stage technology company, Introhive, as it commercialized its innovative software platform. This Fredericton-based firm has quickly expanded from nine employees to more than 40 and is poised for continued growth, particularly in the export market. In Lunenburg, N.S., the Agency supported Composites Atlantic in improving its internal processes, thereby increasing its productivity and competitiveness. This manufacturer of parts for the aeronautic, space and defence industries provides employment to more than 370 people.

ACOA helped Royal Star Foods of Tignish, P.E.I., to expand its capacity and strengthen its ability to compete in the global seafood market. With up to 290 employees at peak periods, this rural company is one of the largest seafood processors in the region. The Agency's support to the internationally recognized Ocean Sciences Centre at Memorial University of Newfoundland helped enhance its capacity to respond to the needs of the provincial aquaculture industry, a sector that provides approximately 1,000 direct and indirect jobs, mostly in rural areas.

I am pleased to present ACOA's *2013-14 Departmental Performance Report*, which outlines, in more detail, the Agency's success in promoting economic development in Atlantic Canada.

Bernard Valcourt, PC, QC, MP
Minister of Aboriginal Affairs and Northern Development

Minister of State's Message

In 2013-14, ACOA continued to help SMEs and communities throughout Atlantic Canada to create and maximize opportunities for economic growth.

ACOA continued to support SMEs in projects designed to increase their productivity and competitiveness. These initiatives included the acquisition of new technology, the expansion and modernization of their businesses, and the marketing of their products and services within Canada and abroad.

The Agency also continued to work with provincial partners, industry, professional organizations and other stakeholders to help SMEs prepare for significant emerging opportunities, such as those expected from the Canada-European Union Comprehensive Economic and Trade Agreement. This historic agreement will give Atlantic SMEs greater access to the lucrative European market and is expected to inject $12 billion a year into the Canadian economy. ACOA also organized seven events under the Atlantic Shipbuilding Action Plan to help SMEs prepare for business opportunities related to the renewal of Canada's naval and coast guard fleets. These events attracted 355 SME representatives and led to 145 one-on-one meetings with major marine and defence contractors.

ACOA continued its work to strengthen the economic base of rural and urban communities by collaborating with partners such as community colleges, provincial governments, industry associations and Aboriginal stakeholders on ways to maximize and diversify economic development opportunities, including those related to local resource industries. Moreover, as a result of ACOA's support to the region's Community Business Development Corporations, more than 1,400 new jobs were created in rural communities across Atlantic Canada.

Within the Agency, initiatives were implemented to enhance internal innovation and efficiency in order to ensure that ACOA continues to excel in providing timely, relevant and effective services and support to this region and its people.

Rob Moore, PC, MP
Minister of State
(Atlantic Canada Opportunities Agency)

Section I: Organizational Expenditure Overview

Organizational Profile

Appropriate Minister: The Honourable Bernard Valcourt, PC, QC, MP

Minister of State: The Honourable Rob Moore, PC, MP

Institutional Head: Mr. Paul J. LeBlanc, President

Ministerial portfolio: Atlantic Canada Opportunities Agency

Enabling Instrument: Part I of the *Government Organization Act*, Atlantic Canada 1987, R.S.C, 1985, c. 41 (4th Supp.), also known as the *Atlantic Canada Opportunities Agency Act*. See the Department of Justice website for more information.

Year of Incorporation: 1987

Other: Mr. Gerald Keddy is the Parliamentary Secretary to the Minister of National Revenue and for the Atlantic Canada Opportunities Agency.

Information regarding the Repayable Contributions Portfolio of ACOA's Business Development Program is available on the Agency's website.

Organizational Context

Raison d'être

Established in 1987 (Part I of the *Government Organization Act, Atlantic Canada 1987*, R.S.C., 1985, c.41 [4th Supp.], also known as the *Atlantic Canada Opportunities Agency Act*), the Atlantic Canada Opportunities Agency (ACOA) is the federal department responsible for the Government of Canada's economic development efforts in the provinces of New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador.

The Minister of State (Atlantic Canada Opportunities Agency) is responsible for this organization.

ACOA works to create opportunities for economic growth in Atlantic Canada by helping businesses become more competitive, innovative and productive, by working with diverse communities to develop and diversify local economies, and by championing the strengths of Atlantic Canada. Together with Atlantic Canadians, ACOA is building a stronger economy.

Responsibilities

ACOA plays an important role in developing and supporting policies and programs that strengthen the region's economy. Its responsibilities are stated in the Agency's legislation, which mandates the organization "to increase opportunity for economic development in Atlantic Canada and, more particularly, to enhance the growth of earned incomes and employment opportunities in that region."[i] Although the Agency's policies and program tools have evolved since its inception, the overall goal remains constant. ACOA is dedicated to helping the Atlantic region realize its full economic potential in terms of productivity, innovation, competitiveness and growth. This is achieved by addressing structural changes in the economy, helping communities and businesses to overcome challenges, and capitalizing on opportunities. ACOA is committed to helping the region build its capacity and make the transition to a stronger economy.

The Agency provides services through its head office in Moncton, N.B., and throughout the four Atlantic provinces, with regional offices located in each of the provincial capitals and 24 local field offices. With its Ottawa office, ACOA ensures that Atlantic Canada's interests are reflected in the policies and programs developed by other departments and agencies of the federal government.

Strategic Outcome and Program Alignment Architecture

ACOA's strategic outcome – a competitive Atlantic Canadian economy – and its program alignment architecture (PAA) can be found below. The PAA is based on the results of policy research and analysis, the periodic assessment of program relevance and performance, ongoing dialogue with stakeholders in the region, and the priorities and directions of the Government of Canada.

1. **Strategic Outcome:** A competitive Atlantic Canadian economy
    - **1.1 Program:** Enterprise Development
        - **1.1.1 Sub-Program:** Innovation and Commercialization
        - **1.1.2 Sub-Program:** Productivity and Growth
        - **1.1.3 Sub-Program:** International Business Development
    - **1.2 Program:** Community Development
        - **1.2.1 Sub-Program:** Community Mobilization
        - **1.2.2 Sub-Program:** Community-based Business Development
        - **1.2.3 Sub-Program:** Community Investment
        - **1.2.4 Sub-Program:** Infrastructure Programming
    - **1.3 Program:** Policy, Advocacy and Coordination
        - **1.3.1 Sub-Program:** Policy
        - **1.3.2 Sub-Program:** Advocacy
        - **1.3.3 Sub-Program:** Coordination

Internal Services

Organizational Priorities

All organizational priorities support the Agency's strategic outcome: a competitive Atlantic Canadian economy. This outcome reflects the Agency's legislative purpose to enhance the growth of earned incomes and employment opportunities and to advocate on behalf of Atlantic Canada, affecting national policy.

Priority 1	Type[1]	Program
Focus ACOA's programs and services on initiatives that encourage Atlantic Canadian businesses to become more **innovative, productive and competitive** in the global marketplace.	Ongoing	Enterprise Development Community Development

Summary of Progress

What progress has been made toward this priority?

In 2013-14, ACOA supported a broad range of projects to enhance the competitiveness and productivity of businesses, leading to improved growth and ultimately increased wealth, thus ensuring dynamic and sustainable communities in Atlantic Canada.

- The Agency invested $61.7 million toward 161 innovation and commercialization projects, including amendments to projects approved in prior fiscal years. This allowed ACOA to help SMEs maximize their growth potential by developing new technologies and improving processes. The Agency invested a further $59.7 million in 452 projects that contributed to the productivity and growth of SMEs in Atlantic Canada, including projects related to technology acquisition, expansion and modernization, domestic marketing, productivity and business skills, and business support. Examples include:
  - the renewal of an $8.5 million funding agreement for Springboard Atlantic Inc., a network of 18 Atlantic universities and community colleges, to further advance the commercialization of research and development (R&D) in Atlantic Canada;.
  - a pilot project in New Brunswick with partners such as the University of New Brunswick and the Coastal Zones Research Institute Inc. to assist them in developing pathways to help SMEs bring new technologies to market;
  - a skills-building workshop for more than 70 entrepreneurs offered by Saint Mary's University's Sobey School of Business in Nova Scotia;
  - leading the planning of a workshop on productivity programs in Prince Edward Island (including lean manufacturing and Six Sigma) that resulted in the development of a federal/provincial working group on productivity; and
  - professional development and outreach sessions as well as marketing activities in Newfoundland and Labrador to increase awareness of angel or equity investment, to promote the Newfoundland and Labrador angel network, and to offer entrepreneurs and businesses opportunities to be financed for growth.
- ACOA invested more than $30 million in economic and community development projects that directly supported the Atlantic Canadian tourism economy.
- ACOA displayed strong leadership in its approach to assisting regional business and industry to expand into the global marketplace by investing $15.8 million in 130 international business development activities and by facilitating SME participation in trade

[1] "Type" definitions:
- New: newly committed to for fiscal year 2013-14
- Previously committed to: committed to one or two fiscal years earlier (i.e. 2011-12 or 2012-13)
- Ongoing: committed to at least three fiscal years earlier (i.e. 2010-11 or earlier)

missions in Central and South America, the Caribbean, the United States, Europe and Asia (China, India, Japan and South Korea).

- ACOA supported the implementation of the Atlantic Gateway and Trade Corridor International Marketing Program and promoted the region's strategic assets at trade shows, including in Belgium and the United States, and supported an inbound tour of key Atlantic Gateway facilities by Brazilian trade journalists.
- Through effective research, coordination and policy, ACOA identified approaches to address productivity, competitiveness and skills challenges faced by SMEs throughout the region. For example, information and communication technology as well as aerospace sector plans were developed for Prince Edward Island, and a report was prepared outlining opportunities for Cape Breton companies and organizations related to major projects.
- The Agency supported several activities to help SMEs capitalize on procurement and development opportunities tied to the Atlantic Shipbuilding Action Plan with a particular focus on the National Shipbuilding Procurement Strategy. Activities included supply chain training sessions, an opportunities study and an event where SMEs were able to meet with shipbuilding contractors and tour their facilities.

Priority 2	Type	Program
Develop strategies, policies and programs that recognize the distinct economic development needs and opportunities of Atlantic Canadian communities, with a particular **focus on rural** businesses and communities.	Ongoing	Community Development Enterprise Development

Summary of Progress

What progress has been made toward this priority?

In 2013-14, ACOA worked closely with numerous stakeholders to identify and develop key initiatives that served to strengthen and enhance the economic foundations and the sustainability of communities throughout Atlantic Canada.

- ACOA worked with public- and private-sector partners to assist SMEs in both rural and urban areas. This included an initiative with community colleges to accelerate knowledge transfer in the forestry sector and the value-added wood manufacturing industry, and assistance to the Centre for Entrepreneurship Education and Development to expand its business skills development services to entrepreneurs.
- The Agency worked closely with provincial partners to address the needs of rural areas that are especially vulnerable to the outmigration of skilled workers and an aging population, such as participating in the consultation process for the development of the Newfoundland and Labrador Population Growth Strategy.
- Community Business Development Corporations (CBDCs) continued to invest capital in rural businesses and to offer business counselling and skills development training; investments resulted in over 1,400 new jobs created in rural communities of Atlantic Canada.
- The Agency assisted in addressing the economic challenges faced by resource sectors such as forestry, fisheries, aquaculture and mining. For example, ACOA provided support to:
  - the Lobster Council of Canada in the implementation of a lobster traceability project, which contributed to the long-term growth and global competitiveness of Atlantic Canadian lobster;
  - the Atlantic Canada Fish Farmers Association to develop a consumer focus marketing strategy for Atlantic salmon;

- Atlantic WoodWORKS!, an initiative focused on increasing the consumption of locally-produced solid wood materials in the non-residential sector of Atlantic Canada; and
- western Labrador in maximizing its potential mineral resources by addressing supply and infrastructure constraints linked to operating in a remote northern area.

- Investments in community infrastructure facilitated economic development efforts in the region. ACOA concluded the delivery of the Community Infrastructure Improvement Fund by fully committing and spending its allocation of $16.6 million on 299 projects in Atlantic Canadian communities.
- The Agency continued to serve the Atlantic region's francophone official language minority community by working with Canadian Heritage and 13 other federal departments to put in place the *Roadmap for Canada's Official Languages 2013-2018: Education, Immigration, Communities*, and it began delivery of the Economic Development Initiative.
- The Agency worked with the Atlantic Policy Congress of First Nations Chiefs Secretariat to further create entrepreneurial opportunities and build capacity within Aboriginal communities as relates to Aboriginal economic development.
- Research and analysis also continued to be important in the implementation of initiatives responding to the needs of diverse areas. For example, ACOA worked with all four provincial governments and Memorial University's Leslie Harris Centre, which conducted a study exploring a new economic development framework known as functional economic regions. A key conclusion of this study was that functional economic regions – from the most urban to the most rural – can prosper, and similar regions can benefit from learning best practices from other successful regions.

Priority 3	Type	Program
Leadership through coordination and engagement with business, government and other stakeholders throughout the region to enable businesses to **capitalize on emerging opportunities** and address key challenges in areas such as skills.	New	Policy, Advocacy and Coordination

Summary of Progress

What progress has been made toward this priority?

- In 2013-14, ACOA conducted a number of policy analyses and engagement initiatives linked to major projects and key areas of importance to the Atlantic region, namely innovation, community development, clean and renewable energy, shipbuilding, resource industries, tourism, business skills and international business development, so that stakeholders are well equipped to capitalize on major opportunities. For example:
  - ACOA remained at the forefront of business innovation policy and practices by leading a series of engagement sessions with targeted business, community and post-secondary stakeholders to seek feedback on how to enhance its approach in supporting innovation and shaping the way forward to encourage productivity and growth in Atlantic Canada.
- Through advocacy efforts, ACOA maintained strong relationships with central agencies and other government departments in the federal policy environment to ensure appropriate reflection in specific files of national and regional interest. For example:
  - collaborating on key Government of Canada priority files such as innovation, skills, infrastructure and various trade agreements;
  - promoting opportunities on upcoming major projects through the delivery of nine industrial development initiatives in the four Atlantic provinces, targeting 30 defence contractors to position Atlantic Canadian industry to compete for future business opportunities in global supply chains across Europe and the United States. This

resulted in over 150 business-to-business meetings for Atlantic Canadian firms and organizations;
  - championing opportunities under the National Shipbuilding Procurement Strategy through Phase 2 of the Atlantic Shipbuilding Action Plan. Seven initiatives were implemented, reaching 355 Atlantic SME participants and facilitating over 145 business meetings with marine and defence contractors.
- ACOA pursued work under the Atlantic Energy Gateway to facilitate the development of the Atlantic energy sector by coordinating efforts between federal and provincial partners in support of the development of new energy projects in the region. It also collaborated with Transport Canada and the Atlantic Provinces to pursue its work under the Atlantic Gateway Federal-Provincial Officials Committee by providing resources to develop pertinent pieces of research and by supporting events that highlighted the region's transportation network at the international level, and by initiating the implementation of the Foreign Trade Zone task force announced in Economic Action Plan 2013.
- ACOA also worked with federal and provincial partners to maintain a high level of engagement through the International Business Development Agreement to increase exports and pursued its work with the Atlantic Provinces and their tourism industry associations through the Atlantic Canada Tourism Partnership to develop tourism in the region.
- ACOA continued to work with provincial partners, industry, associations and Aboriginal stakeholders to maximize the economic benefits that may accrue in the region in relation to emerging opportunities. For example:
  - In Newfoundland and Labrador, the Agency worked with the provincial government and industry partners to plan and implement an Oceans and Energy R&D Forum. More than 140 participants from industry, academia and government participated in the event, which focused on business skills for the development of R&D projects.
  - In Nova Scotia, the Agency supported a pilot initiative led by the Centre for Women in Business called BizConnect, a program designed to introduce women business owners to ways of developing their operations and taking advantage of local, national and international supply chains.
  - To enhance the competitiveness of the value-added wood sector in New Brunswick, the Agency, in collaboration with provincial and industry stakeholders, developed a strategic initiative to help SMEs assess their capacity, leverage the expertise of an internationally renowned network of sector experts, and identify new market and product development opportunities.

Priority 4	Type	Program
Continually improve the **internal management** of the organization and maintain employee engagement to excel in serving Canadians.	Ongoing	Internal Services

Summary of Progress

What progress has been made toward this priority?

- In 2013-14, a number of initiatives were implemented to further mitigate the Agency's key risks in the area of information systems and tools. Through collaboration with Shared Services Canada and other government departments, ACOA modernized some of its information systems. In addition, the Agency optimized the delivery of programs and services by introducing new tools and modifying existing ones based on feedback obtained through various employee engagement initiatives. For example, a number of modifications were made to the grants and contributions management system to improve client monitoring and results tracking.

- ACOA further strengthened its approach to risk management by developing guidance, providing training, implementing best practices and formalizing commitments to support the integration of risk considerations into the Agency's planning and decision-making processes. The Agency also continued to monitor the implementation of mitigating measures for its key risks.
- The implementation of ACOA's Values and Ethics Strategy supported the objective of ensuring that values and ethics are a strong and evident part of the Agency's culture and are firmly integrated within the conduct of Agency employees and business processes.
- In 2013-14, the Agency committed to achieving the Blueprint 2020 vision and provided opportunities for employee engagement and dialogue to identify innovative ways of responding to evolving needs and priorities. Three key themes emerged: working collaboratively, promoting the use of new technologies and streamlined processes, and developing and mobilizing talent. Examples of initiatives being implemented:
  - creating employee-driven communities;
  - implementing employee engagement committees;
  - collaborating with other federal departments to promote organizational innovation;
  - increasing the use of social media channels to enhance communication and collaboration;
  - renewing the intranet and online information management tool to increase employee opportunities for collaboration and information sharing;
  - using smart technologies to empower employees to connect and collaborate; and
  - using employee-driven process improvement activities, such as kaizen[ii] events, to promote a culture of continuous improvement.
- ACOA has maintained strong Human Resources practices by ensuring compliance with the Treasury Board of Canada Secretariat's Common Human Resources Business Process and by implementing the new Treasury Board of Canada Secretariat's Directive on Performance Management, which included improving human resources integration within the operational planning process, providing training to all ACOA managers and employees, and developing innovative and efficient tools such as fast-track staffing and a staffing knowledge centre to better equip managers to assume staffing responsibilities.
- ACOA has committed to developing and mobilizing talent by creating learning opportunities for employees and ensuring all employees have a continuous learning plan. To diversify work experiences and foster leadership training and professional development, the Agency also established pools of qualified candidates for temporary internal or external work assignments.

Risk Analysis

Risk	Risk Response Strategy	Link to PAA
Organizational Change Management The risk that organizational change management efforts may not be sufficient to sustain and enhance productivity and overall effectiveness.	ACOA supported opportunities for dialogue and engagement around change management, including implementation of Blueprint 2020 initiatives and of key risk management action plans. Operational planning documents provided concrete evidence of mitigation strategies to manage organizational change. The Agency focused on ensuring managers are properly equipped to lead change management efforts and to assume increased responsibilities resulting from the various organizational changes already introduced (e.g. conflict management tools, training on the Directive on Performance Management). A number of frameworks, tools and processes were also implemented (e.g. kaizen events, new social media guidelines, the fast-track staffing tool, and the ACOA Travel, Hospitality, Conference and Event Expenditures Framework) to empower employees to be creative, and to build on best practices to create efficiencies and support productivity.	Internal Services
Information Tools and Systems The risk that an up-to-date suite of modern, compatible information tools and systems may not be developed in a timely manner, which may affect the effectiveness and efficiency of portfolio management and decision making.	The Agency undertook a comprehensive internal review to confirm business needs and technology gaps. The information gathered was used to develop a new IT solutions strategy aimed at developing a more effective approach to providing standardized tools while respecting the government's goal of realizing cost efficiencies. Training sessions were held throughout the Agency to address employee knowledge and skills gaps with the use of key corporate systems and tools as well as with a focus on promotion of tools and practices that facilitate information management. Further, the Agency continued to exchange information on best practices and tools with other government departments on a regular basis to improve its strategies and plans for the reduction of implementation costs and risks.	Internal Services
Portfolio Management The risk that existing evaluation, project selection, disbursement, monitoring and portfolio management activities may not be sufficient to manage portfolio risk, ensure an optimal level of collections and control the level of write-offs, resulting in lost opportunities for reinvestment and potential impact on the Agency's overall effectiveness and reputation.	ACOA improved work processes, enhanced guidance and reference materials that support program delivery, and expanded the availability and adequacy of tools to better support monitoring and oversight of portfolio activities. It continued focusing on training activities, sharing lessons learned and enhancing integration and collaboration across the Agency. It also focused on continuing development and enhancement of dashboards to support management information needs.	Enterprise Development Community Development
Response to Opportunities and Management of Stakeholder Expectations The risk that the Agency may not be able to effectively respond to opportunities and manage increasing client and stakeholder expectations.	ACOA mitigated this risk through continued monitoring, effective communication, collaboration with stakeholders at the Agency's many points of contact, and greater integration of the Agency's planning and strategic decision-making processes.	Enterprise Development Community Development

External Factors

After posting a decline in 2012, Atlantic Canada's real gross domestic product (GDP) rose by 2.6% in 2013,[iii] higher than the average national increase of 2%,[iv] supported by strong growth in Newfoundland and Labrador due to increased offshore oil production and continued investment spending in the resource sector. Economic growth in the other three Atlantic provinces was more subdued, with real GDP only advancing by a combined 0.5%.[v]

The world economy continued to expand in 2013 but at a slower pace than in 2012, a downward trend observed since 2010. Despite the weakness in external markets, Atlantic Canadian exports increased in 2013, with growth in non-energy exports outpacing the national rate.

Increased global competition is requiring businesses in Atlantic Canada to become more competitive and productive. The R&D performance in Atlantic Canada (an indicator in understanding innovation and productivity levels) rose by an annual average of 4.9% from 2001 to 2011, exceeding the national increase of 2.9% – with improvement occurring in the private and higher education sectors. This is expected to contribute to addressing the results of a recent Statistics Canada survey from 2010 to 2012 (looking at businesses that introduced at least one type of innovation, whether product, process, organizational or marketing) that showed that enterprises in Atlantic Canada lag behind the national average in this area.

Internal Factors

During fiscal year 2013-14, ACOA continued to demonstrate a strong commitment to delivering quality results for Canadians, with a focus on becoming more efficient and effective through transformed internal business processes and training. The Agency benefited from a strengthened integrated-risk-management (IRM) function, which helped focus efforts and distribute resources in areas where risks were greatest. ACOA updated its Corporate Risk Profile through a comprehensive and consultative assessment approach, and communicated risk management information, direction and accountabilities for IRM across the organization. Through the work of its Risk Management Committee and the engagement of its management team, ACOA demonstrated leadership and commitment to the implementation of a proactive and systematic approach to risk management.

Actual Expenditures

Budgetary Financial Resources (dollars)

2013-14 Main Estimates	2013-14 Planned Spending	2013-14 Total Authorities Available for Use	2013-14 Actual Spending (authorities used)	Difference: (actual minus planned)
299,971,071	299,973,071	318,415,659	314,158,108	14,185,037

Human Resources (Full-Time Equivalents – FTEs)

2013-14 Planned	2013-14 Actual	Difference (actual minus planned)
565	555	(10)

Budgetary Performance Summary for Strategic Outcome and Programs (dollars)

Strategic Outcome, Programs, and Internal Services	2013-14 Main Estimates	2013-14 Planned Spending	2014-15 Planned Spending	2015-16 Planned Spending	2013-14 Total Authorities Available for Use	2013-14 Actual Spending (authorities used)	2012-13 Actual Spending (authorities used)	2011-12 Actual Spending (authorities used)
Strategic Outcome: A competitive Atlantic Canadian economy								
Enterprise Development	170,201,748	170,201,748	164,581,549	162,663,269	179,986,762	180,674,018	179,856,451	172,970,427
Community Development	91,307,430	91,307,430	87,408,010	85,408,010	96,523,001	94,103,327	88,520,093	103,813,764
Policy, Advocacy and Coordination	10,855,783	10,855,783	11,351,591	11,351,591	11,764,232	10,634,165	12,403,955	13,646,372
Subtotal	**272,364,961**	**272,364,961**	**263,341,150**	**259,422,870**	**288,273,995,**	**285,411,510**	**280,780,499**	**290,430,563**
Internal Services Subtotal	27,606,110	27,608,110	25,145,234	25,145,234	30,141,664	28,746,598	34,881,448	40,023,217
Total	**299,971,071**	**299,973,071**	**288,486,384**	**284,568,104**	**318,415,659**	**314,158,108**	**315,661,947**	**330,453,780**

In 2013-14, planned spending of $300.0 million increased by $18.4 million, resulting in total authorities of $318.4 million. This occurred due to the following changes in authorities:

- Increases in spending authorities:
  - $4.4 million reprofiled in support of the Community Infrastructure Improvement Fund;
  - $5.2 million made available from the collection of repayable contributions;
  - $3.7 million for operating budget carried forward from 2012-13;
  - $4.0 million for severance pay, parental leave and collective agreement increases; and
  - $0.3 million for renewal of the Roadmap for Canada's Official Languages (2013-2018).

- Transfers from other departments, including $1.2 million for advocacy activities related to international security. Transfers to other departments totalled $0.3 million for various initiatives.
- The foregoing increases in authorities were offset by travel reductions, which resulted in savings of $0.1 million.

Actual spending of $314.2 million resulted in a surplus of $4.2 million from total authorities of $318.4 million. The Agency will access a portion of this surplus through an operating budget carry forward of $3.4 million.

Alignment of Spending With the Whole-of-Government Framework

Alignment of 2013-14 Actual Spending with the Whole of Government Framework (dollars)

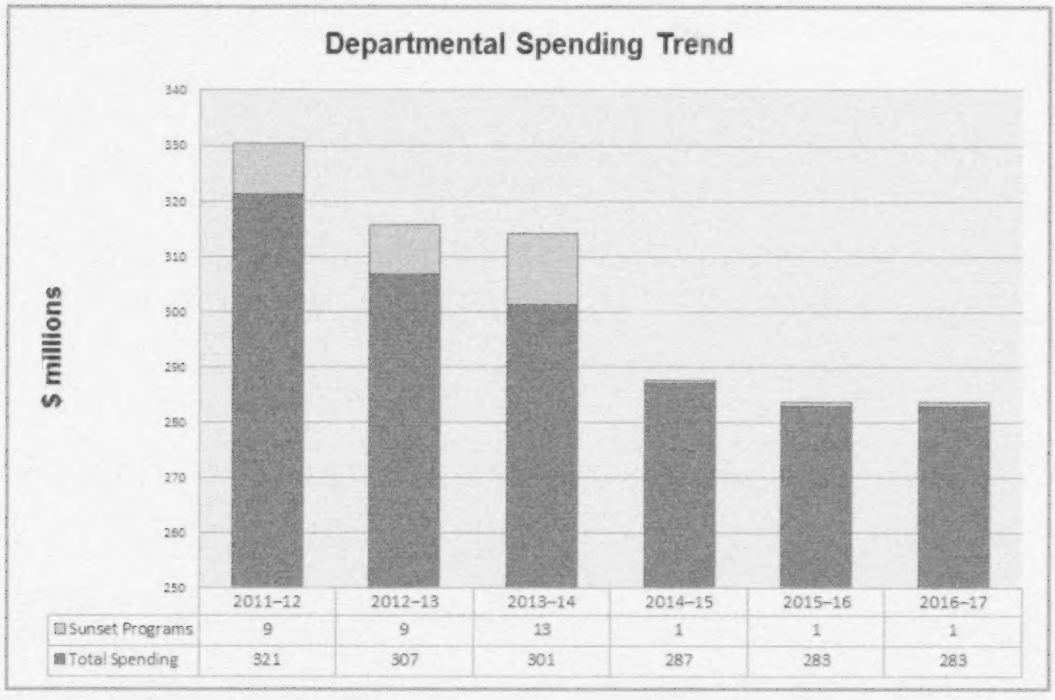
Strategic Outcome	Program	Spending Area	Government of Canada Outcome	2013-14 Actual Spending
A competitive Atlantic Canadian economy	Enterprise Development	Economic Affairs	Strong Economic Growth	180,674,018
	Community Development	Economic Affairs	Strong Economic Growth	94,103,327
	Policy, Advocacy and Coordination	Economic Affairs	Strong Economic Growth	10,634,165

Total Spending, by Spending Area (dollars)

Spending Area	Total Planned Spending	Total Actual Spending
Economic Affairs	299,973,071	314,158,108
Social Affairs	0	0
International Affairs	0	0
Government Affairs	0	0

Departmental Spending Trend

The figure below illustrates the Agency's actual spending from 2011-12 to 2013-14 and planned spending from 2014-15 to 2016-17.



	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17
Sunset Programs	9	9	13	1	1	1
Total Spending	321	307	301	287	283	283

The Agency's planned spending levels stabilized in 2014-15 after declining from 2011-12 to 2013-14, largely due to sunsetting programs. The sunsetting funding of the Community Infrastructure Improvement Fund decreased ACOA's spending levels by $12.7 million in 2013-14. Other decreases in spending were mostly due to strategic savings identified in Budget 2011 and Budget 2012. The Agency continues to identify and implement cost efficiencies as well as improve the effectiveness of operations and programs to ensure value for taxpayers' money.

Estimates by Vote

For information on ACOA's organizational votes and/or statutory expenditures, see the *Public Accounts of Canada 2014* on the Public Works and Government Services Canada website.

Section II: Analysis of Programs by Strategic Outcome

Strategic Outcome 1: A Competitive Atlantic Canadian Economy

Performance Measurement

Performance Indicator	Five-Year Target (2013-14 to 2017-18)	Actual Result
Increase in Atlantic Canada's GDP for every $1 of ACOA expenditure in direct support of business	$4.50	To be reported in the 2017-18 Departmental Performance Report[vi]

A competitive economy increases opportunities for economic development through the growth of earned incomes and employment opportunities. Productivity is an important determinant of competitiveness and a source of long-term prosperity for a region. Competitiveness and productivity are critical factors that allow economies to adapt to changing market conditions. The Agency supports and works with businesses and communities to help them become more competitive, innovative and productive and to enable them to position themselves for the future. It also develops initiatives that support the distinct economic development needs of Atlantic Canadian rural and urban communities.

During 2013-14, ACOA continued to focus efforts on increasing competitiveness through investments in areas such as innovation, business skills, community infrastructure and development, and international business development. To help SMEs become more competitive, the Agency targeted productivity drivers, including innovation and commercialization, technology adoption, business and management skills, and access to capital for firms and communities. ACOA also emphasized trade and investment activities to assist firms to expand in global markets and encourage international trade.

ACOA develops collaborations with businesses, governments and other stakeholders to ensure that SMEs are able to capitalize on major opportunities occurring in the region over the coming years. These collaborations focus government and industry attention on investment and activities that promote the capabilities of regional businesses and develop strategies to address key challenges in relation to these opportunities. It also helps reposition both urban and rural communities so they can deliver more value-added products, better jobs and high-value exports.

ACOA continues to have an impact on the overall increase in the competitiveness of the Atlantic Canadian economy. One measure of this impact can be seen through the increase

in regional GDP linked to ACOA investments. Over the five-year period from 2008 to 2013, Atlantic Canada's real GDP is estimated to have been almost $1 billion higher than it would have been without the Agency's expenditures to support businesses in the region. During this period, direct ACOA support to business for commercial projects produced over $5.40 in GDP gains for every dollar of ACOA expenditures.[vii]

Program 1.1: Enterprise Development

Along with recent overall economic progress and some promising opportunities on the horizon (energy, shipbuilding), some significant challenges remain if the region is to maximize positive growth. One of the most telling indicators of this is that, in a number of sectors, productivity remains significantly lower than in leading countries and other regions of Canada. The Atlantic Canada Opportunities Agency (ACOA) works in partnership with Atlantic Canadian enterprises, stakeholders, industry and institutions to improve the growth and productivity of Atlantic Canada's economy, leading to increased competitiveness, earned incomes and job creation.

ACOA works to improve the capacity of Atlantic Canada's rural and urban areas for economic growth through a variety of strategically focused mechanisms, which include: assisting enterprises, particularly small and medium-sized ones, to help them start, expand or modernize their businesses, and establish and expand export activities; partnering with universities and other institutions to increase the region's R&D capacity, commercialization and productivity; and promoting and participating in the region's transition to a knowledge economy.

Budgetary Financial Resources (dollars)

2013-14 Main Estimates	2013-14 Planned Spending	2013-14 Total Authorities Available for Use	2013-14 Actual Spending (authorities used)	Difference: (actual minus planned)
170,201,748	170,201,748	179,986,762	180,674,018	10,472,270

Human Resources (Full-Time Equivalents – FTEs)

2013-14 Planned	2013-14 Actual	Difference (actual minus planned)
170	215	45*

* The variance between the planned and actual FTEs in programs was mostly due to the realignment of human resources according to the new *Guide on Internal Services Expenditures* from the Treasury Board of Canada Secretariat. Based on this guide, more resources are being recognized as supporting policy and program activities rather than internal services activities. This realignment had no impact on the total number of FTEs at the Agency or on the work performed by these FTEs.

Performance Results

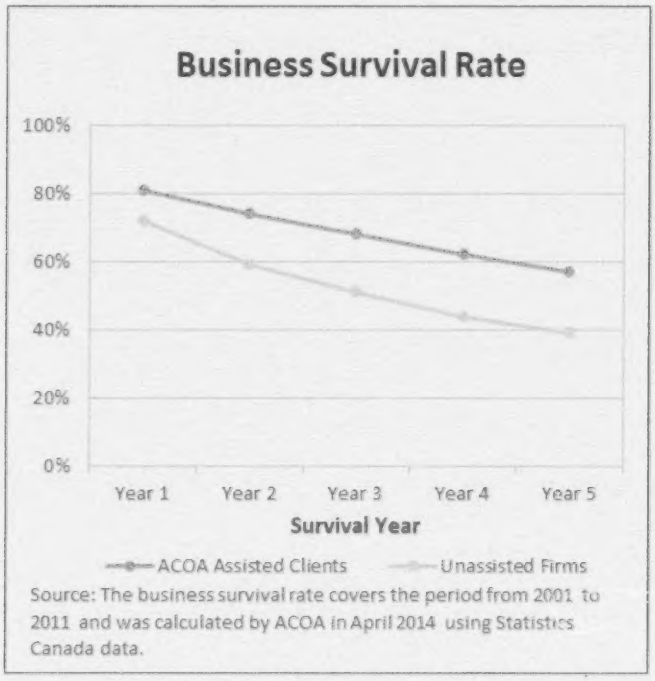
Expected Result	Performance Indicator	Annual Target (2013-14)	Actual Result
Improved growth and competitiveness of Atlantic Canadian SMEs	Percentage points by which the business survival rate of ACOA-assisted firms exceeds that of unassisted firms*	10	18
	Percentage points by which the labour productivity growth of ACOA-assisted firms exceeds that of unassisted firms**	0.3	7

* For comparison purposes, "unassisted firms" are those of similar age, size, sector and geographic region that did not receive a direct monetary contribution from the Agency.
** For comparison purposes, "unassisted firms" are those of similar size, sector and geographic region that did not receive a direct monetary contribution from the Agency.

Performance Analysis and Lessons Learned

In 2013-14, ACOA continued to work on improving the productivity and competitiveness of Atlantic Canadian enterprises. The Agency provided assistance through its three sub-programs in order to fuel innovation and commercialization, improve productivity and business skills, expand international markets and provide the capital needed to sustain growth and meet expected results.

The business survival rate can be used to measure ACOA's contribution to increasing companies' competitiveness. A company's survival depends on many factors, such as the age of the business, location and size. The Agency largely exceeded its target for this performance indicator; the five-year business survival rate[viii] for ACOA-assisted firms is notably higher than the rate for unassisted firms. In fact, the business survival rate for ACOA-assisted firms was 57% after the crucial fifth year following start-up for the 2001 to 2011 period, compared with 39% for unassisted firms. This represents a variance in the five-year business survival rate of 18 percentage points between ACOA-assisted firms and unassisted firms. This result seems to show that the economic downturn that occurred in 2008-09 has affected ACOA-assisted companies less severely. ACOA helped businesses in the start-up process by providing access to financing, information and advice, and business tools and guides, which may have helped them weather the economic downturn better.



Source: The business survival rate covers the period from 2001 to 2011 and was calculated by ACOA in April 2014 using Statistics Canada data.

Another measure of competitiveness is growth in labour productivity. Labour productivity in ACOA-assisted firms, which is estimated using sales per worker, experienced strong growth between 2006 and 2011. Sales per worker rose by 5.8%[ix] a year in ACOA-assisted firms, reaching a high of seven percentage points above the group

of unassisted firms. For established businesses, the Agency provided assistance for improving productivity, expansion, modernization, exports and R&D, increasing their chance of survival and improving business growth. This performance indicator is being used for the first time and will be monitored in the future to ensure the target represents a good benchmark.

Sub-program 1.1.1: Innovation and Commercialization

Raising the levels of research and development (R&D) and innovation in the region is fundamental to increasing Atlantic Canada's competitiveness and to closing the productivity gap with the rest of the country. ACOA invests in innovation and commercialization through supporting the R&D of new products, services and processes, and their commercialization in the market place. As well, ACOA provides support for the adoption and adaptation of leading edge technologies in businesses. Both the Atlantic Innovation Fund (AIF) and the Business Development Program (BDP) are the funding programs that support ACOA's objective of strengthening innovation and commercialization capacity in the Atlantic Region. Clients of the BDP and AIF include businesses and institutions such as universities and research institutes.

Budgetary Financial Resources (dollars)

2013-14 Planned Spending	2013-14 Actual Spending	Difference: (actual minus planned)
not available[2]	85,223,919	not available

Human Resources (FTEs)

2013-14 Planned	2013-14 Actual	Difference (actual minus planned)
not available	79	not available

Performance Results

Expected Result	Performance Indicator	Annual Target (2013-14)	Actual Result
Strengthened innovation and commercialization capacity in Atlantic Canada	Amount leveraged per dollar invested by ACOA innovation projects	$1.00	$1.83
	Number of partners for technology development and commercialization	45	44
		Four-year Target 2011-12 through 2014-15	
	Dollar amount of revenues resulting from commercialization	$150 million	To be reported in the 2014-15 Departmental Performance Report

[2] Not available: For the *2013-14 Departmental Performance Report*, planned spending and planned human resources calculations are available only at the program level of the PAA. This detail at the sub-program level of the PAA will be available for the 2014-15 fiscal year. This applies to all "not available" mentions in this table.

Performance Analysis and Lessons Learned

Through its AIF and BDP, the Agency approved $61.7 million toward 161 innovation and commercialization projects in 2013-14, including amendments for projects approved in prior fiscal years. These investments helped Atlantic Canadian SMEs increase their productivity and improve their competitive position by enabling them to develop new products, services or processes, gain efficiencies, reduce waste, acquire skills, leverage additional private-sector investments and commercialize their ideas. As demonstrated in the 2010 evaluation of its innovation-related programming (e.g. the AIF and BDP), ACOA's support has enhanced commercialization capacity and productivity levels in Atlantic Canada, and innovation projects have addressed skills gaps in specialized areas.

The Agency approved $53.7 million in funding for new innovation projects, toward total costs of $151.7 million. This amount supported 81 projects under the innovation element of the BDP and 11 projects under the AIF. Therefore, for every dollar invested, the Agency leveraged $1.83 from other sources such as the private sector, universities and research institutes, national programs and Atlantic provincial governments. The leveraged amount is high since some AIF projects leveraged large amounts of funding.

The AIF has continued to be an important catalyst for many Atlantic Canadian businesses, universities and research institutions to collaborate on and invest in new ideas, processes, products and services. This was made evident through the project proposals approved under the 2013 AIF competitive round, many of which involved collaboration between universities and the private sector. There were a total of 44 meaningful partnerships stemming from AIF-funded projects.

Through the BDP, the Agency also continued its support for the commercialization of R&D outputs. The Agency committed an additional $6.9 million in 46 projects aimed at increasing the skills and expertise required for SMEs to commercialize new products, processes or services, as well as providing direct support to clients for the commercialization of their R&D outputs. For example, one project was undertaken to carry out the commercial development of a prototype for breast cancer detection and another to help finalize the development, manufacturing and commercialization of products to improve efficiencies in the semiconductor manufacturing industry.

Sub-program 1.1.2: Productivity and Growth

ACOA invests in productivity and growth to enhance access for Atlantic Canadians to the information, business skills and financing they require to start and/or grow a business. This enables businesses to get established, become more productive and grow, which generates wealth and jobs in the economy. Investments in productivity and growth are made directly by helping businesses to increase competitiveness through activities such as productivity improvement, expansion, modernization, business skills development, training, hiring skilled personnel, and indirectly through contributions to non-profit organizations, such as business and economic development associations, that undertake activities fostering business productivity and growth.

The Business Development Program is the primary funding program for business skills and growth. ACOA also administers Canada Business, which acts as a comprehensive source of information on government services, programs, regulations and resources for businesses. By reducing the complexity of dealing with various levels of government, Canada Business plays a role in the business development process.

Budgetary Financial Resources (dollars)

2013-14 Planned Spending	2013-14 Actual Spending	Difference: (actual minus planned)
not available[3]	71,690,427	not available

Human Resources (FTEs)

2013-14 Planned	2013-14 Actual	Difference (actual minus planned)
not available	84	not available

[3] Not available: For the *2013-14 Departmental Performance Report*, planned spending and planned human resources calculations are available only at the program level of the PAA. This detail at the sub-program level of the PAA will be available for the 2014-15 fiscal year. This applies to all "not available" mentions in this table.

Performance Results

Expected Result	Performance Indicator	Annual Target (2013-14)	Actual Result
Enhanced Atlantic Canadian SME productivity and growth capacity	Amount leveraged per dollar invested by ACOA on commercial productivity and growth projects	$2.00	$1.97
	Percentage of participants in business skills development activities indicating that the activity improved their business skills	75%	96%*
	Percentage points by which the growth in sales of ACOA-assisted firms exceeds that of unassisted firms**	0.5 percentage points	3.6 percentage points

* The Agency has been surpassing the 75% target for several years. The target has, therefore, been increased to 85% for fiscal year 2014-15.
** For comparison purposes, "unassisted firms" are those of similar size, sector and geographic region, but that did not receive a direct monetary contribution from the Agency.

Performance Analysis and Lessons Learned

In 2013-14, ACOA approved $49.7 million in direct financial assistance to SMEs, enabling them to improve their productivity, acquire technology, expand and/or modernize their operations, train their employees and hire skilled personnel. Thanks to those investments, SMEs were able to implement quality and productivity improvement programs, diversify their product lines or introduce new products, expand their customer base, reduce operating costs, and capitalize on procurement and development opportunities arising from planned major projects such as the National Shipbuilding Procurement Strategy. Each dollar invested by ACOA in these projects helped to leverage an additional $1.97 from other sources, thus helping to reduce the risks while increasing the economic activity.

To help entrepreneurs start and grow businesses, the Agency approved an additional $10 million to not-for-profit organizations that undertook activities that allowed participants to further develop their business skills. Activities undertaken included a two-day symposium that introduced the latest approaches and best practices in productivity, advisory services to address specific business challenges, and a national business model competition introducing students to lean start-up practices. Out of the 8,250[x] participants in ACOA-supported business skills development activities who responded to a survey, 96%[xi] indicated that the activity improved their business skills.

As well, sales by ACOA-assisted firms totalled $16.6 billion[xii] in 2011, up from $14.0 billion[xiii] in 2006, which is an average increase of 3.5% a year. In comparison, sales by unassisted firms fell from $64.0 billion[xiv] in 2006 to $63.7 billion[xv] in 2011, an average decline of 0.1% a year. This represents a variance in firms' sales growth of 3.6 percentage points between ACOA-assisted firms and unassisted firms. Although results are high, the use of the growth-in-sales performance indicator is recent and will be monitored over time to ensure it represents a good benchmark.

Sub-program 1.1.3: International Business Development

Canada's Global Commerce Strategy identifies global value chains and new economic forces as offering opportunities, while recognizing increased competition for Canada. To strengthen the country's position in international markets, it prescribes to take advantage of emerging global opportunities and to reinforce Canada's image internationally as a preferred business partner and premier investment destination. Consistent with this strategy, ACOA's International Business Development (IBD) sub-program pursues international opportunities with a view to increasing the number of exporters and the volume of export sales, to attract foreign direct investment and to support the international commercialization of technology. Further, IBD promotes Atlantic Canada abroad as a world leader in energy production, export and research, a centre of innovation, a skilled labour pool, a reliable supplier of quality products at competitive prices and the gateway to the North American market. The International Business Development Agreement (IBDA) and ACOA's Business Development Program (BDP) support ACOA's role to coordinate in Atlantic Canada the efforts of federal, provincial and private-sector organizations in pursuing international business opportunities. Clients of IBD include businesses, non-profit organizations, learning and research institutions, and provincial governments.

Budgetary Financial Resources (dollars)

2013-14 Planned Spending	2013-14 Actual Spending	Difference: (actual minus planned)
not available[4]	23,759,672	not available

Human Resources (FTEs)

2013-14 Planned	2013-14 Actual	Difference (actual minus planned)
not available	52	not available

[4] Not available: For the *2013-14 Departmental Performance Report*, planned spending and planned human resources calculations are available only at the program level of the PAA. This detail at the sub-program level of the PAA will be available for the 2014-15 fiscal year. This applies to all "not available" mentions in this table.

Performance Results

Expected Result	Performance Indicator	Annual Target (2013-14)	Actual Result
Expanded export activity by SMEs in Atlantic Canada	Number of SMEs expanding their international sales (new exporters, exporters to new markets and increased sales to existing markets)	290	234
	Percentage points by which the growth in export sales of ACOA-assisted firms exceeds that of unassisted firms*	5.0 percentage points	not available**
New foreign direct investment opportunities in Atlantic Canada	Number of foreign direct investment transactions completed (deals closed) where ACOA's human or financial support contributed to bring the project to fruition	3	9

* The wording of this performance indicator has changed from "export growth of ACOA-assisted firms" to "percentage points by which the growth in export sales of ACOA-assisted firms exceeds that of unassisted firms." For comparison purposes, "unassisted firms" are those of similar age, size, sector and geographic region that have not received a direct monetary contribution from the Agency.

** Statistics Canada advises that the data used to calculate this indicator is not available for 2013-14.

Performance Analysis and Lessons Learned

During the fiscal year, the Agency contributed to the Government of Canada's efforts to foster business relations, attract foreign investment and nurture technological co-operation. With the support of ACOA programs and the IBDA, Atlantic Canadian SMEs participated in activities to identify and develop opportunities in new markets such as Brazil, China and India while maintaining a footprint in traditional markets such as the United States and Europe, where ACOA also explored ways to capitalize on the Canada-European Union Comprehensive Economic and Trade Agreement.

More than 850 Atlantic Canadians participated in sessions on exporter preparedness and opportunities in emerging markets, and over 650 Atlantic companies also took part in ACOA-supported trade missions. For example, the Agency supported a pan-Atlantic mission to the first Oceanology International China exhibition in September 2013 with 11 exhibitors. Surveys[xvi] indicated that 63 business meetings took place, generating more than $250,000 in partnership agreements and up to $7.5 million in anticipated sales over the 12-month period ending in September 2014.

The number of Atlantic Canadian SMEs expanding their international sales was 234, representing 81% of the annual target, which is 290. This result is based on the number of clients responding to surveys,[xvii] which was lower than anticipated. Consequently, the collected results offer only a partial picture of actual performance. In order to improve data collection, an online data collection process was introduced in 2013-14 and is still being tested. In the *2014-15 Report on Plans and Priorities,* ACOA has set two new indicators to measure the expanded export activity of SMEs in Atlantic Canada. These indicators are based on internal data collected directly from clients.

As for expanded foreign direct investment opportunities in Atlantic Canada, they are measured through the number of foreign direct investment transactions completed. ACOA far exceeded its target, with nine foreign direct investment transactions.

Program 1.2: Community Development

The Atlantic economy is built on the region's many geographic, linguistic and cultural communities. From rural areas to larger urban centres, the opportunities and challenges vary significantly. Communities are the foundation of economic development and are critical for economic prosperity. ACOA recognizes the importance of these communities in an economic development framework and supports their efforts to develop the resources they need to contribute fully to their own economic development.

For those reasons, ACOA focuses efforts and strategies toward rural community development and also aims to provide and maintain quality public infrastructure. ACOA works in co-operation with other levels of government, other federal government departments, non-government organizations, and community groups to leverage support, coordinate economic development and react to economic challenges. This requires a flexible, holistic approach based on the realities of a given community's capacities, strengths and challenges. Community development is a bottom-up process that helps to develop the tools, resources and initiatives that support individual and unique strategic development.

Budgetary Financial Resources (dollars)

2013-14 Main Estimates	2013-14 Planned Spending	2013-14 Total Authorities Available for Use	2013-14 Actual Spending (authorities used)	Difference: (actual minus planned)
91,307,430	91,307,430	96,523,001	94,103,327	2,795,897

Human Resources (FTEs)

2013-14 Planned	2013-14 Actual	Difference (actual minus planned)
75	85	10*

* The variance between the planned and actual FTEs in programs was mostly due to the realignment of human resources according to the new *Guide on Internal Services Expenditures* from the Treasury Board of Canada Secretariat. Based on this guide, more resources are being recognized as supporting policy and program activities rather than internal services activities. This realignment had no impact on the total number of FTEs at the Agency or on the work performed by these FTEs.

Performance Results

Expected Result	Performance Indicator	Annual Target (2013-14)	Actual Result
Dynamic and sustainable communities for Atlantic Canada	Percentage points by which the growth in sales of CBDC-assisted clients exceeds that of unassisted firms*	5	4.2
	Percentage of projects that are successful in achieving the intended objectives	80%	100%

* For comparison purposes, "unassisted firms" are those of similar size, sector and geographic region that did not receive a direct monetary contribution from the CBDCs.

Performance Analysis and Lessons Learned

The Innovative Communities Fund (ICF) is ACOA's principal tool for investing in communities. In 2013-14, ACOA worked with communities and stakeholders to develop projects with strong economic impacts under the ICF. These efforts led to the approval of 94 projects with an ACOA contribution of $47.1 million, and $102 million leveraged from other partners.

ACOA invested over $12.6 million to support the Community Business Development Corporations (CBDCs) in 2013-14. Sales by CBDC-assisted firms totalled $1.2 billion in 2011, up from $730 million in 2006.[xviii] This represents an average increase of 10.8% a year. In comparison, sales by unassisted firms rose from $21.2 billion in 2006 to $29.1 billion in 2011, which is an average increase of 6.6% a year. The variance in firms' sales growth is therefore just over four percentage points between CBDC-assisted firms and unassisted firms. While the Agency's ambitious target was not fully met, CBDC clients have outperformed unassisted firms in Atlantic Canada over this time period.

In 2013-14, ACOA worked closely with Atlantic Canadian communities on strategic investments that reflected their priorities. A total of 336 projects were approved, for a commitment of $84.5 million in Atlantic Canada. The impact of such projects on communities was evaluated by qualitative reviews, and results demonstrated that 100% of projects sampled successfully achieved their intended objectives.

The Agency continued to engage with the official language minority community by providing $9.3 million in assistance for 52 projects throughout Atlantic Canada, including projects under the Economic Development Initiative (EDI), thereby contributing to the vitality of those communities.

ACOA also worked closely with Aboriginal leadership, Atlantic provincial governments and Aboriginal Affairs and Northern Development Canada to complement the work being done in the region with respect to Aboriginal economic development. It implemented new guidelines and procedures on its duty to consult Aboriginal communities, in line with the federal guidelines developed by Aboriginal Affairs and Northern Development Canada. Related information sessions were also delivered to all staff to ensure a full understanding of the duty-to-consult process, tools and resources in order to adhere to federal guidelines and strengthen relationships with Aboriginal communities.

Sub-program 1.2.1: Community Mobilization

In order to take responsibility for their own economic development future, communities must have the capacity and resources available to them at a local level to lead the community development process. ACOA typically takes a leadership role in coordinating efforts of the Government of Canada to access the various funding programs and resources to respond to unique community needs and economic adjustments in a coordinated and strategic way. This process focuses on bringing the community together to plan, develop and implement economic development efforts. This process must be developed and led by the communities themselves.

To facilitate this community capacity, ACOA co-operates with other levels of government and non-profit organizations. ACOA provides support to community-based organizations and business groups (such as sector groups) to facilitate this development process within targeted communities of interest. ACOA collaborates with several Aboriginal, Acadian and francophone organizations across the region whose activities encompass social, political, commercial and economic interests. In this capacity, ACOA acts as a facilitator to help stakeholders develop their own vision for development and to access the resources and expertise required to make their vision a reality. This bottom-up approach is built on co-operation and collaboration among the communities themselves and with the various levels of government and other stakeholders. This inclusive approach is especially important for communities undergoing economic adjustment or experiencing a transition in their economic situation. A key success factor is ACOA's strong presence in the communities, through a decentralized approach to program delivery and economic development.

Budgetary Financial Resources (dollars)

2013-14 Planned Spending	2013-14 Actual Spending	Difference: (actual minus planned)
not available[5]	2,394,233	not available

Human Resources (FTEs)

2013-14 Planned	2013-14 Actual	Difference (actual minus planned)
not available	2	not available

Performance Results

Expected Result	Performance Indicator	Annual Target (2013-14)	Actual Result
Improved community capacity to identify economic development needs and opportunities	Total dollar amount of projects approved under community mobilization	$1.25 million	$1.12 million

[5] Not available: For the *2013-14 Departmental Performance Report*, planned spending and planned human resources calculations are available only at the program level of the PAA. This detail at the sub-program level of the PAA will be available for the 2014-15 fiscal year. This applies to all "not available" mentions in this table.

Performance Analysis and Lessons Learned

In response to a changing Atlantic Canadian economy and challenges such as globalization, the downturn of resource-based industries and rural depopulation, ACOA reacted quickly by adjusting its assistance to most community organizations supported under the Community Mobilization sub-program. ACOA announced in May 2012 that it would continue to provide operational funding for the 50 regional economic development organizations (REDOs) across Atlantic Canada up to May 21, 2013, in order to facilitate the transition.

The Agency spent $2.4 million under this sub-program in 2013-14, including final operational funding to REDOs, and continued to work in partnership with communities and stakeholders on strategic investments in projects that reflected economic development priorities identified by the region's rural and urban communities. A total of 26 new community mobilization projects were approved, representing $1.12 million for Atlantic Canadian communities.

In 2013-14, the Agency completed an evaluation of the Community Mobilization and Community Investment sub-programs. Together, these two sub-programs were found to be complementary to strengthen the capacity and assets of communities. In order to better respond to community needs and opportunities in Atlantic Canada, ACOA decided to reposition this sub-program. After reviewing approaches to maximizing the efficiency and effectiveness of resources in this area, this sub-program has been incorporated into an expanded Community Investment sub-program. As a result, this is the last parliamentary report in which ACOA will report results under the Community Mobilization sub-program.

Sub-program 1.2.2: Community-based Business Development

The lack of business capital available in rural regions of Canada has become a significant economic development barrier. This lack of capital impedes the creation and expansion of small businesses, primarily in rural areas – businesses that are essential to the vitality and sustainability of communities. ACOA provides contributions to Community Business Development Corporations (CBDCs) in rural Atlantic Canada through the Community Futures Program. The CBDCs are run by community-based boards of directors with a focus on local community economic development. ACOA's contributions permit the CBDCs to provide an essential source of investment capital that focuses on rural small businesses as well as on business counselling and skills development. ACOA also provides contributions to the CBDC network, which provides a suite of programs and services to Atlantic rural small businesses. In addition, ACOA uses the flexibility within its existing funding programs to assist Aboriginal communities to improve their access to capital financing, particularly through the Ulnooweg Development Group. Finally, ACOA provides targeted support to community-based, non-profit organizations to address investment capital gaps that focus on small businesses in other communities of Atlantic Canada.

Budgetary Financial Resources (dollars)

2013-14 Planned Spending	2013-14 Actual Spending	Difference: (actual minus planned)
not available[6]	18,183,175	not available

Human Resources (FTEs)

2013-14 Planned	2013-14 Actual	Difference (actual minus planned)
not available	17	not available

Performance Results

Expected Result	Performance Indicator	Annual Target (2013-14)	Actual Result
Atlantic Canadian businesses have access to capital	Percentage of CBDC funding in business loans	75%	83%
	Number of businesses receiving financing from CBDCs	1,339	1,239
Atlantic Canadian businesses have access to information and counselling	Number of CBDC loan clients who have taken part in training or business counselling	7,002	6,647

[6] Not available: For the *2013-14 Departmental Performance Report*, planned spending and planned human resources calculations are available only at the program level of the PAA. This detail at the sub-program level of the PAA will be available for the 2014-15 fiscal year. This applies to all "not available" mentions in this table.

Performance Analysis and Lessons Learned

In 2013-14, the Agency continued to enhance the contribution agreements under the Community Futures (CF) program to improve efficiencies and the effectiveness of CF resources in accordance with the Community Futures of Tomorrow model. This approach maximizes the use of funds available to CBDCs as recipients of CF funding.

The focus on the performance of CBDCs in funding business loans was increased. The number of businesses receiving financing from CBDCs demonstrates that the CBDCs, with support from ACOA's investments, are able to respond to individual communities' needs in supporting rural businesses. In 2013-14, the Agency exceeded its target on the percentage of CBDC funding in active loans by 8.06 percentage points, reaching 83%.

Through the CBDCs, ACOA continued to provide an essential source of investment capital focused on rural businesses as well as business counselling and skills development. CBDCs assisted 1,239 businesses through their investment fund by approving 1,328 loans, representing a total direct investment in local SMEs of $60.4 million. Investments contributed to the creation of 1,422 new jobs in rural communities in Atlantic Canada. In addition, the CBDCs provided 436 training sessions and 6,211 counselling sessions to clients throughout the region.

ACOA continued to work collaboratively with the CBDC network to ensure that all CBDCs were in compliance with a common governance framework and standards. The framework is structured around the principles of accountability, transparency and confidentiality, and promotes best practices that allow the interests of communities and stakeholders to be protected and reflected in key decisions.

Sub-program 1.2.3: Community Investment

To be sustainable and grow, communities must invest in those initiatives that show the potential to stimulate economic development. ACOA works in co-operation with communities, making targeted investments to capitalize on opportunities for sustainable economic growth and to build community development capacity. In doing so, ACOA provides contributions to various organizations for the development of critical economic development infrastructure, including strategic sectors, skills capacity, critical community assets and other key areas. ACOA works with Aboriginal and francophone communities to identify investments that can stimulate change and support strategic development. These investments capitalize on the capacity, strengths and opportunities present in the community as identified in community economic development plans and strategies. These investments also help communities in economic adjustment or transition (and in the event of a natural disaster) to support areas that will help them respond most appropriately to their unique situation. ACOA's main tool for community investment is the Innovative Communities Fund.

Budgetary Financial Resources (dollars)

2013-14 Planned Spending	2013-14 Actual Spending	Difference: (actual minus planned)
not available[7]	73,066,338	not available

Human Resources (FTEs)

2013-14 Planned	2013-14 Actual	Difference (actual minus planned)
not available	65	not available

Performance Results

Expected Result	Performance Indicator	Annual Target (2013-14)	Actual Result
Improved capacity to address economic and business development needs and opportunities	Number of partners on community investment projects	500	715
	Amount leveraged per dollar invested by ACOA community investment projects	$1.50	$1.93

[7] Not available: For the *2013-14 Departmental Performance Report*, planned spending and planned human resources calculations are available only at the program level of the PAA. This detail at the sub-program level of the PAA will be available for the 2014-15 fiscal year. This applies to all "not available" mentions in this table.

Performance Analysis and Lessons Learned

In 2013-14, ACOA's efforts to build community-level capacity in Atlantic Canada were fruitful. Over 300 projects contributing to Atlantic Canadian communities, for a total of $62 million, were approved under Community Investment. A total of 715 partners collaborated on these projects, exceeding the target. Due to the higher number of partners, the Agency also exceeded its target of amount leveraged per dollar invested in community investment projects.

Findings from the 2014 evaluation of the Community Mobilization and Community Investment sub-programs indicate that projects supported under these sub-programs contributed to building infrastructure and developing new products, as well as increasing tourism, sales and revenues for businesses.

ACOA continued its focus on increasing the economic impact of investments made under the ICF. To support these efforts, ACOA collaborated with communities and stakeholders in strategic projects related to community capacity building and to business-sector development. Investments included supporting industry associations in their development efforts for the growth of targeted sectors, thereby helping rural SMEs. Other opportunities were sought through ACOA's Strategic Tourism Expansion Program, which supports destination development in rural communities throughout the region.

Under the Government of Canada's Economic Action Plan, ACOA played a critical role in successfully implementing, delivering and concluding the Community Infrastructure Improvement Fund in Atlantic Canada. During the two-year initiative, a total of 299 projects were approved, providing a total of $16.6 million for the rehabilitation and improvement of existing community infrastructure in the region. These amounts helped the Agency leverage a total of $32.7 million from other partners.

The Agency continued to support the Atlantic region's francophone official language minority community through the Roadmap for Canada's Official Languages, an initiative that allows ACOA to fund projects exclusively to promote linguistic duality and support official language minority communities.

Furthermore, ACOA continued its collaboration with the Atlantic Policy Congress of First Nations Chiefs and other Aboriginal organizations, and focused on investments that strengthened Aboriginal entrepreneurs and the Aboriginal economy. A total of 11 Aboriginal-related projects were funded in 2013-14, providing $4.1 million in assistance.

Sub-program 1.2.4: Infrastructure Programming

The provision and maintenance of quality public infrastructure provides the foundation for economic development and is critical for economic prosperity. Potable water, waste treatment facilities, highways, municipal roads and bridges and transit systems, all impact economic growth and have strong environmental implications. This requires programming designed to renew and build infrastructure in rural and urban municipalities in Atlantic Canada through investments that protect the environment and support long-term economic growth. ACOA, working with Infrastructure Canada and the Provinces, oversees the flow of federal funds allocated to each region through various infrastructure funding streams. This ensures that both green and local transportation infrastructure goals are met.

Budgetary Financial Resources (dollars)

2013-14 Planned Spending	2013-14 Actual Spending	Difference: (actual minus planned)
not available[8]	459,581	not available

Human Resources (FTEs)

2013-14 Planned	2013-14 Actual	Difference (actual minus planned)
not available	1	not available

Performance Results

Expected Result	Performance Indicator	Annual Target (2013-14)	Actual Result
Infrastructure Canada funding delivered by ACOA leverages investments in infrastructure by other partners	Amount leveraged per dollar invested as it relates to infrastructure programs being delivered by ACOA for Infrastructure Canada	Not applicable. Funds were fully committed during fiscal year 2010-11.	$2.27

Performance Analysis and Lessons Learned

During the fiscal year, ACOA continued to work closely with Infrastructure Canada (INFC) to ensure an efficient delivery of infrastructure programming in the Atlantic region as prescribed in the service level agreement between the Agency and INFC.

Although funds were fully committed, some of the projects funded through the Building Canada Fund – Communities Component (BCF-CC) were under budget. This provided an opportunity to fund eight new projects in Prince Edward Island. These eight projects involved total project costs of $2.9 million and were provided a contribution of $873,000.

[8] Not available: For the *2013-14 Departmental Performance Report*, planned spending and planned human resources calculations are available only at the program level of the PAA. This detail at the sub-program level of the PAA will be available for the 2014-15 fiscal year. This applies to all "not available" mentions in this table.

ACOA was therefore able to leverage $2.27 for each dollar invested, even though funds had previously been fully committed.

Furthermore, the Agency worked diligently on the administration of the BCF-CC program to ensure projects progressed in a timely manner and complied with the program's requirements. The Municipal Rural Infrastructure Fund ended on March 31, 2014; ACOA completed the closure procedures for the program, as required by INFC.

After reviewing approaches to maximizing the efficiency and effectiveness of resources in this area, this sub-program has been incorporated into an expanded Community Investment sub-program. As a result, this is the last parliamentary report in which ACOA will report results under the Infrastructure Programming sub-program.

Program 1.3: Policy, Advocacy and Coordination

ACOA's Policy, Advocacy and Coordination (PAC) program is central to identifying and effectively responding to opportunities and challenges facing the regional economy. PAC provides intelligence, analysis and well-grounded advice on a broad range of issues and topics, and it informs and supports decision making by the Agency and the minister. In offering strategic, researched policy positions that reflect the region's potential, in influencing national policies and programs that affect Atlantic Canada's development and interests, and in coordinating other policies and programs within the region to form integrated approaches to development, PAC helps carry the Agency's agenda forward and helps ensure that ACOA overall remains relevant and responsive to the opportunities and challenges in Atlantic Canada.

Budgetary Financial Resources (dollars)

2013-14 Main Estimates	2013-14 Planned Spending	2013-14 Total Authorities Available for Use	2013-14 Actual Spending (authorities used)	Difference: (actual minus planned)
10,855,783	10,855,783	11,764,232	10,634,165	(221,618)

Human Resources (FTEs)

2013-14 Planned	2013-14 Actual	Difference (actual minus planned)
73	62	(11)*

* The variance between the planned and actual FTEs in programs was mostly due to the realignment of human resources according to the new *Guide on Internal Services Expenditures* from the Treasury Board of Canada Secretariat. Based on this guide, more resources are being recognized as supporting policy and program activities rather than internal services activities. This realignment had no impact on the total number of FTEs at the Agency or on the work performed by these FTEs.

Performance Results

Expected Result	Performance Indicator	Annual Target (2013-14)	Actual Result
Policies and programs that strengthen the Atlantic economy	Atlantic regional economic policies and programs that respond to regional development opportunities	Continued government support to Agency priorities, collaboration with other federal departments, and engagement with partners in Atlantic Canada in areas that will contribute to increasing the competitiveness of Atlantic Canada's economy	The target was fully met, as evidenced by the examples below.

Performance Analysis and Lessons Learned

PAC's support for the Agency's key activities in 2013-14 ensured that ACOA continued to offer strategic policy positions that reflect the region's potential, influence national policies and programs within the region, and coordinate policies and programs within the region to help businesses and communities capitalize on emerging opportunities and address key challenges. As demonstrated in the 2012 evaluation of the PAC Program, the PAC function is relevant and is achieving its intended results.

To respond effectively to opportunities and challenges facing Atlantic Canada, ACOA continued to provide intelligence, analysis and advice on a broad range of issues. It contributed to the economic research base in the region and supported a number of studies, including a report on the potential of the bioenergy sector in Atlantic Canada. The Agency also sought to better understand the dynamics of regional economies by finalizing and disseminating a study on functional economic regions.

The Agency advocated for the inclusion of regional considerations in the new Defence Procurement Strategy to ensure Atlantic Canadian industries could benefit from major federal defence and Canadian Coast Guard procurements. ACOA collaborated with Finance Canada and others in eliminating the import tariff on mobile offshore oil and gas drilling rigs, lowering the cost of high-risk exploration and strengthening the competitiveness of Atlantic Canada's offshore oil and gas sector. It also promoted the competitive aspect of the region's resource-based industries to ensure these are well represented in federal initiatives supporting the development of new products and markets.

In its coordination role, ACOA engaged provincial and federal governments on a wide range of initiatives to support businesses, increase their capabilities and capitalize on opportunities in relation to major projects. ACOA maintained its leadership role with the Atlantic Energy Gateway initiative by collaborating with the public and private sectors. The Agency also maintained its role as co-chair with Transport Canada on the Atlantic Gateway Federal-Provincial Officials Committee to support the effectiveness and competitiveness of the transportation network and to promote the region's strategic assets internationally.

Finally, ACOA maintained its lead role with regard to federal councils in Atlantic Canada and implemented the transition toward the new Atlantic Federal Council.

Sub-program 1.3.1: Policy

Policy provides a solid base of understanding for the development of the Agency's strategic priorities and initiatives, program design, and input to national policy development and federal-provincial relations. This includes policy analysis and advice – including the development of policies and frameworks – economic analysis, research and stakeholder engagement. The policy function is carried out by officials at head office, in the regional offices and in the Ottawa office. The Agency's policy work is supported in part by a dedicated ACOA fund – the Atlantic Policy Research Initiative (APRI) – which contributes to building policy research capacity in Atlantic Canada.

Budgetary Financial Resources (dollars)

2013-14 Planned Spending	2013-14 Actual Spending	Difference: (actual minus planned)
not available[9]	5,241,871	not available

Human Resources (FTEs)

2013-14 Planned	2013-14 Actual	Difference (actual minus planned)
not available	28	not available

Performance Results

Expected Result	Performance Indicator	Annual Target (2013-14)	Actual Result
Well informed policy decisions reflecting opportunities and challenges of the Atlantic region's economy while considering enterprise and community development potential	Extent to which policy analysis and research, economic analysis and engagement activities are useful and provide input into decision making with respect to Atlantic regional economic development	Continue to provide sound advice to decision-makers based on environmental scanning, issue analysis and research related to Atlantic Canadian economic development issues and opportunities	Successful strategic initiatives developed, as demonstrated by the examples below.
	Percentage of projects that are successful in achieving the intended objectives	75%	100%

[9] Not available: For the *2013-14 Departmental Performance Report*, planned spending and planned human resources calculations are available only at the program level of the PAA. This detail at the sub-program level of the PAA will be available for the 2014-15 fiscal year. This applies to all "not available" mentions in this table.

Performance Analysis and Lessons Learned

In 2013-14, the Agency carried out research, analysis and stakeholder engagement efforts to support policy decisions in relation to opportunities and challenges in a number of areas affecting the Atlantic region's economy, including business skills, productivity, innovation and commercialization, community development, tourism, international trade and major projects (e.g. Muskrat Falls, shipbuilding).

Bolstered by a commitment in Budget 2014, the Agency pursued a review of its innovation approach to ensure it remains responsive to the needs of businesses. ACOA also conducted analyses to illustrate that the Agency's international business development efforts align with the Global Markets Action Plan.

The Agency conducted a number of economic analyses focusing on demographics, international trade, access to capital, innovation, productivity and supply chains. It prepared and distributed reports on the region's economic situation, such as the *Economic Overview of Atlantic Canada*. To reflect regional perspectives, regional offices conducted economic profiles of their province and sub-regions as well as analyses related to strategic sectors.

Moreover, the Agency engaged with industry, academia and all levels of government to enhance the understanding of the dynamics and opportunities within the Atlantic regional economy. With the assistance of the Atlantic Policy Research Initiative, efforts included an analysis of regional bioenergy opportunities and a study on functional economic regions in Atlantic Canada. Other efforts included a study for the Atlantic Energy Gateway on natural gas aggregation in Atlantic Canada and the development of a study for the Atlantic Gateway investigating the effects of increased exports of seafood on the transportation system.

Finally, ACOA's Policy function continued to support the president in his role as Chair of the Organisation for Economic Co-operation and Development's (OECD) Territorial Development Policy Committee (TDPC). The TDPC is the pre-eminent international forum for discussion and exchange of experience in the field of regional policy, sharing best practices of urban and rural policies and approaches for economic development, and the development of regional indicators. In December 2013, the committee held a ministerial level meeting that led to the adoption of the OECD Recommendation on Effective Public Investment Across Levels of Government. Approved in March 2014 by the OECD Council, the recommendation includes 12 guiding principles to help governments at all levels assess the strengths and weaknesses of their public investment capacity and set priorities for improvement.

Sub-program 1.3.2: Advocacy

Federal decision-makers must understand and consider Atlantic Canada's interests, and regional stakeholders must remain well-informed of federal government actions and opportunities that are relevant to the economic interests of the region. ACOA's advocacy activities aim to advance the region's interests in national policy and program development. In the case of federal government procurement, particularly major Crown projects, ACOA advocates to improve the position of Atlantic Canadian industries by pursuing industrial regional benefits.

Budgetary Financial Resources (dollars)

2013-14 Planned Spending	2013-14 Actual Spending	Difference: (actual minus planned)
not available[10]	3,323,735	not available

Human Resources (FTEs)

2013-14 Planned	2013-14 Actual	Difference (actual minus planned)
not available	19	not available

Performance Results

Expected Result	Performance Indicator	Annual Target (2013-14)	Actual Result
Atlantic enterprise and community development interests are reflected in emerging and changing federal economic policies, programs and regulations	Impact and strategic value of plans formulated and approaches taken in the area(s) of sectoral and horizontal advocacy	Evidence of impact, resulting from annual analysis and interventions	Qualitative reviews conducted on initiatives undertaken in 2013-14 have confirmed the impact and strategic value of plans and approaches implemented in support of sectoral and horizontal advocacy work.

Performance Analysis and Lessons Learned

In 2013-14, ACOA continued to ensure Atlantic Canada's needs were reflected in federal policies, programs and regulations. Advocacy efforts were focused in priority areas such as defence procurement, global supply chains, responsible resource development, skills and labour force, and innovation and commercialization.

The Agency successfully advocated for the inclusion of regional considerations in the new Defence Procurement Strategy so that Atlantic Canadian industry could benefit from major federal defence and Canadian Coast Guard procurements. In addition, the Agency delivered 16 industrial development initiatives, reaching over 500 Atlantic SMEs, and facilitated 295 business-to-business meetings with defence contractors. These events

[10] Not available: For the *2013-14 Departmental Performance Report*, planned spending and planned human resources calculations are available only at the program level of the PAA. This detail at the sub-program level of the PAA will be available for the 2014-15 fiscal year. This applies to all "not available" mentions in this table.

promoted opportunities in upcoming major projects in the region and expanded upon the successes of the Atlantic Shipbuilding Action Plan.

ACOA collaborated with Finance Canada and others in support of Budget 2014 measures that, among other things, permanently eliminated the import tariff on mobile offshore oil and gas drilling rigs used for exploration. These measures will lower the cost of high-risk exploration and strengthen the competitiveness of Atlantic Canada's offshore in attracting global oil and gas investment.

Moreover, the Agency raised awareness of Atlantic Canada forestry and agriculture competitiveness issues within ongoing federal bio-economy research that examines ways in which these resource industries can develop new products and access non-traditional markets.

ACOA continued its engagement with other government departments to ensure federal policies, programs and procurement initiatives such as the National Research Centre's Business Innovation Access Program and Canadian Accelerator and Incubator Program help to improve commercialization outcomes in Atlantic Canada. ACOA supported efforts to enable Atlantic Canada's aerospace sector and academic institutions to benefit from and collaborate on advanced national technology development initiatives through the creation of the Consortium for Aerospace Research and Innovation.

Sub-program 1.3.3: Coordination

The Agency is mandated by its legislation to "[coordinate] policies and programs of the Government of Canada in relation to opportunities for economic development of Atlantic Canada." ACOA's coordination function engages a range of economic partners to address the economic priorities of Atlantic Canada through a coherent and collaborative approach to development, including federal-provincial initiatives, round tables and expert panels. The Agency also coordinates with other federal departments and with the respective regional federal councils on regional development efforts.

Budgetary Financial Resources (dollars)

2013-14 Planned Spending	2013-14 Actual Spending	Difference: (actual minus planned)
not available[11]	2,068,559	not available

Human Resources (FTEs)

2013-14 Planned	2013-14 Actual	Difference (actual minus planned)
not available	15	not available

Performance Results

Expected Result	Performance Indicator	Annual Target (2013-14)	Annual Target
Coordination of partners in addressing the economic priorities of Atlantic Canada through a coherent approach to development	Joint strategic initiatives that reflect common positions on regional economic development priorities	Develop strategic initiatives through collaborative efforts with other federal and provincial partners	Successful strategic initiatives developed, as demonstrated by the examples below.
	Percentage of projects that are successful in achieving the intended objectives	75%	100%

Performance Analysis and Lessons Learned

In order to remain at the forefront of business innovation policy and practices, ACOA reviewed its innovation programming in 2013-14. Through its coordination efforts, ACOA supported its Minister of State, who led a series of engagement sessions with targeted business, research community and post-secondary stakeholders to seek feedback on how the Agency could enhance its approach in supporting innovation and encourage productivity and growth in Atlantic Canada. Other notable examples of coordination include: ACOA's ongoing efforts with provincial partners in Prince Edward Island to realign the Agency's business skills development initiatives with priority sectors; participation in an implementation committee in Newfoundland and Labrador for the

[11] Not available: For the *2013-14 Departmental Performance Report*, planned spending and planned human resources calculations are available only at the program level of the PAA. This detail at the sub-program level of the PAA will be available for the 2014-15 fiscal year. This applies to all "not available" mentions in this table.

Gros Morne Cultural Blueprint alongside other federal, provincial and regional stakeholders; collaboration with provincial and industry partners in Nova Scotia for the organization of the Atlantic Venture Forum; and engagement with provincial, federal and industry stakeholders in New Brunswick to assess the potential impacts of an impending infestation of spruce budworm in Eastern Canada and to develop initiatives to prevent or mitigate those impacts.

ACOA pursued its role as co-chair with Transport Canada on the Atlantic Gateway Federal-Provincial Officials Committee, supported the implementation of the Atlantic Gateway International Marketing Plan and promoted the region's strategic assets at various trade shows. The Agency continued its leadership role on the Atlantic Energy Gateway initiative by facilitating the development of energy projects, and it collaborated with Natural Resources Canada and the Canadian Wind Energy Association to host a workshop in Prince Edward Island on wind energy integration throughout North America. This technical workshop helped identify challenges of integrating higher levels of wind energy to regional grids.

Through the four regional federal councils, ACOA engaged members on horizontal issues to advance Government of Canada priorities while addressing regional priorities. In 2013-14, the federal councils led interdepartmental collaboration in priority areas such as performance management excellence, Blueprint 2020, workplace wellness, talent management, communications, future leaders, official languages and emergency preparedness. The Agency also initiated the transition toward the establishment of the new Atlantic Federal Council, which replaces the four former councils in the region.

Through its coordination efforts, ACOA worked closely with public- and private-sector partners to promote the capabilities of regional businesses in relation to major projects. This included continued support for key supplier development initiatives, awareness sessions on international standardization and productivity improvements.

Internal Services

Internal Services is a group of related activities and resources administered to support the needs of programs and other corporate obligations of an organization. These groups are: management and oversight services; communications services; legal services; human resources management services; financial management services; information management services; information technology services; real property services; materiel services; acquisition services; and travel and other administrative services. Internal Services includes only those activities and resources that apply across an organization and not those provided specifically to a program.

Budgetary Financial Resources (dollars)

2013-14 Main Estimates	2013-14 Planned Spending	2013-14 Total Authorities Available for Use	2013-14 Actual Spending (authorities used)	Difference: (actual minus planned)
27,606,110	27,608,110	30,141,664	28,746,598	1,138,488

Human Resources (FTEs)

2013-14 Planned	2013-14 Actual	Difference (actual minus planned)
247	193	(54)*

* The variance between the planned and actual FTEs in programs was mostly due to the realignment of human resources according to the new *Guide on Internal Services Expenditures* from the Treasury Board of Canada Secretariat. Based on this guide, less resources are being recognized as supporting internal services activities and more on supporting policy and program activities. This realignment had no impact on the total number of FTEs at the Agency or on the work performed by these FTEs.

Performance Analysis and Lessons Learned

In 2013-14, ACOA continued to implement new ways to more effectively deliver programs and services to Canadians. It focused on implementing common business processes and supported the government's agenda of moving toward standard government solutions.

The Blueprint 2020 initiative was launched and the Agency was successful at engaging a large portion of its employees in sharing their views on the vision of the public service of the future. As a result, the following three themes emerged: promoting new technologies and streamlined processes, developing and mobilizing talent, and working collaboratively.

To promote new technologies and streamlined processes, the Agency implemented technology improvements such as Microsoft Windows 7 and Office 2013 and used employee-driven sessions such as kaizen[xix] events where staff evaluated the efficiency and effectiveness of its processes. For example, contracting procedures and the application process for the AIF were improved following kaizen events. The Agency also implemented whole-of-government solutions such as the Performance Management Tool.

Collaboration with other federal departments was increased by optimizing the use of social media channels. Social media guidelines and best practices have been developed to empower staff to reach clients and colleagues through social media.

In pursuing the objective of developing and mobilizing talent, ACOA has maintained sound human resources practices by providing training for ACOA managers and employees as well as developing innovative and efficient staffing tools.

Finally, ACOA strengthened its planning framework for a better integration of risk and human resources management in its planning and decision-making processes, and implemented risk-mitigation measures and management action plans. ACOA also continued implementing its evaluation plan for 2012 through 2017 and implemented its values and ethics strategy, which continues to support the objective of ensuring that values and ethics remain at the foundation of the Agency's corporate culture.

Section III: Supplementary Information

Financial Statements Highlights

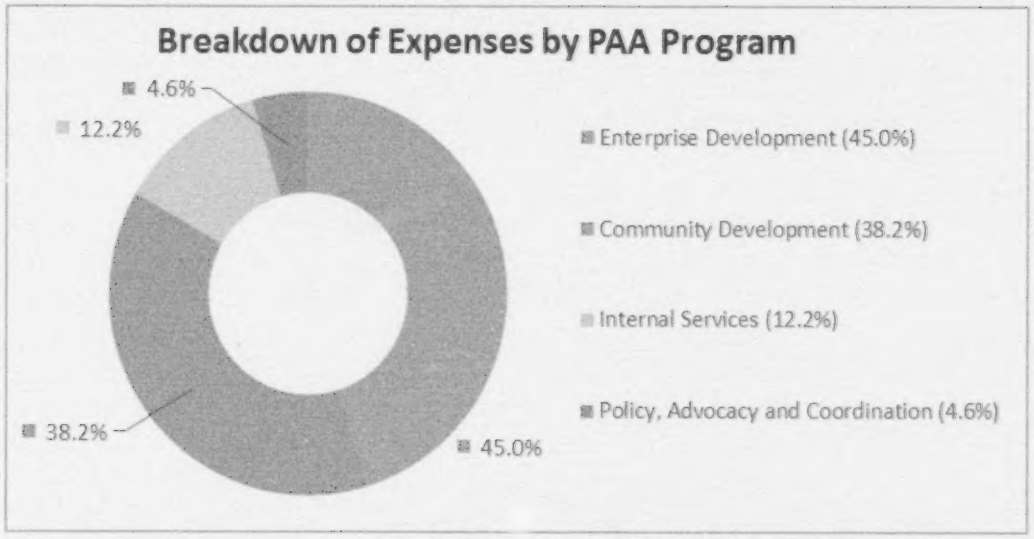
The financial highlights presented in this section are drawn from the Agency's financial statements and provide an overview of the Agency's financial position and operations. The unaudited financial statements are prepared in accordance with the Government of Canada's accounting policies, which are based on Canadian public sector accounting standards (a hyperlink to the complete financial statements can be found at the end of this section).

The actual expenditures presented in sections I and II of this document were prepared on a cash basis, while the financial highlights that follow were prepared on an accrual basis. Tables reconciling these two accounting methods are presented in the Notes to the Agency's financial statements (note 3).

Atlantic Canada Opportunities Agency
Condensed Statement of Operations and Departmental Net Financial Position (Unaudited)
For the Year Ended March 31, 2014
(dollars)

	2013-14 Planned Results	2013-14 Actual Results	2012-13 Actual Results	Difference (2013-14 actual minus 2013-14 planned)	Difference (2013-14 actual minus 2012-13 actual)
Total expenses	248,752,000	249,480,319	239,924,212	728,319	9,556,107
Total revenues	20,000	8,517	16,637	(11,483)	(8,120)
Net cost of operations before government funding and transfers	248,732,000	249,471,802	239,907,575	739,802	9,564,227
Departmental net financial position	**(3,979,000)**	**(4,043,556)**	**(4,830,224)**	**(64,556)**	**786,668**

Actual total expenses was $249.5 million in fiscal year 2013-14, an increase of $9.6 million (4%) compared to the previous year. The increase is mainly due to an accounting adjustment made every year regarding conditionally repayable contributions. When payments are made on conditionally repayable contributions, the amounts are included in expenses until conditions for repayment are met, at which time the Agency reduces its expenses and increases its accounts receivable. In 2013-14, the reduction was lower than in the previous fiscal year.

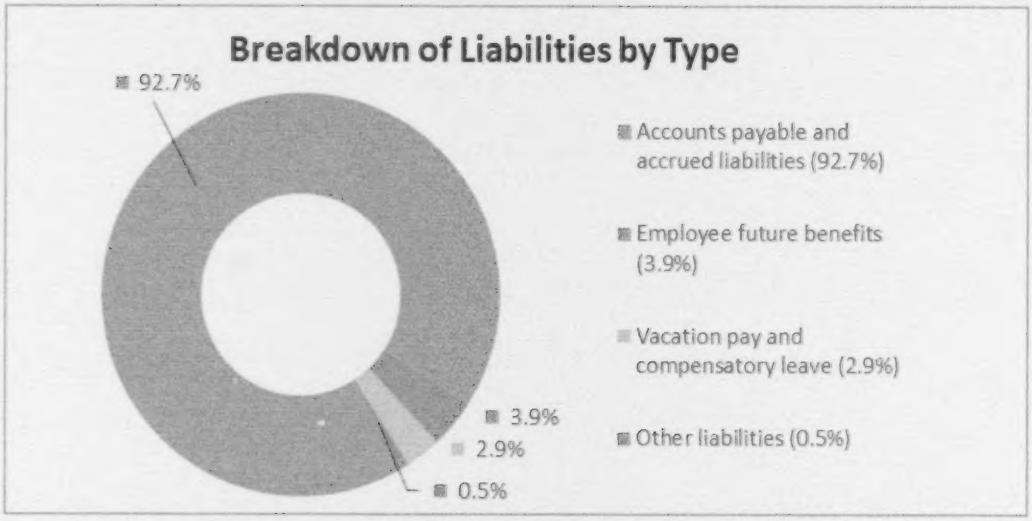


Of the total expenses of $249.5 million, $112.3 million (45.0%) was incurred under the Enterprise Development program, while $95.4 million (38.2%) was spent in the Community Development program.

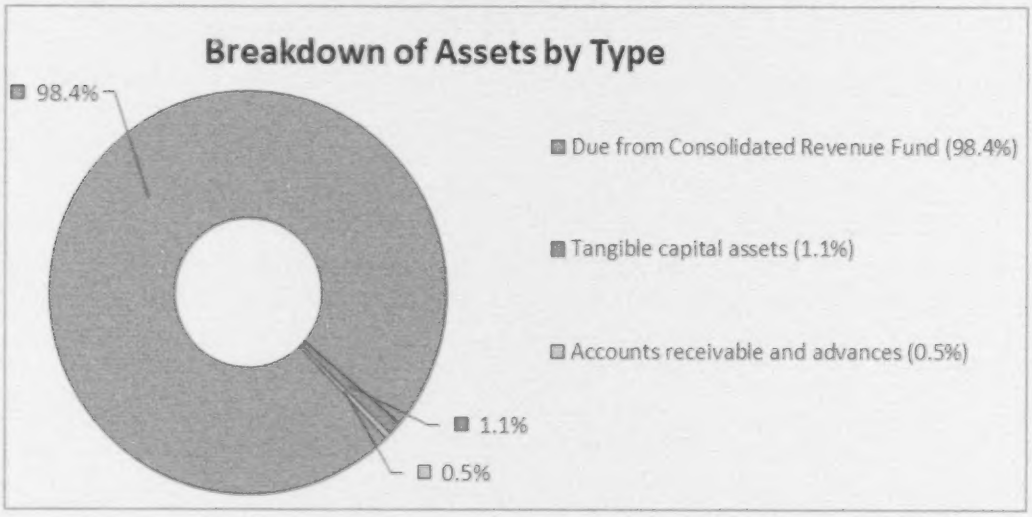
Atlantic Canada Opportunities Agency
Condensed Statement of Financial Position (Unaudited)
As at March 31, 2014
(dollars)

	2013-14	2012-13	Difference (2013-14 minus 2012-13)
Total net liabilities	68,606,899	65,489,666	3,117,233
Total net financial assets	63,852,361	59,926,573	3,925,788
Departmental net debt	4,754,538	5,563,093	(808,555)
Total non-financial assets	710,982	732,869	(21,887)
Departmental net financial position	**(4,043,556)**	**(4,830,224)**	**786,668**

Total net liabilities were $68.6 million at the end of the 2013-14 fiscal year, representing an increase of $3.1 million (4.8%) from fiscal year 2012-13. This increase is mostly attributable to a rise in payables at year end, offset by a reduction in employee future benefits following changes in 2012-13 regarding the accumulation of severance benefits.



Total net financial assets equalled $63.9 million at the end of the 2013-14 fiscal year, an increase of $3.9 million (6.5%) over the previous year. The assets primarily consist of the "Due from the Consolidated Revenue Fund" ($63.6 million), which is used to discharge the Agency's liabilities. Given that the Agency's liabilities were higher than the previous fiscal year, the "Due from the Consolidated Revenue Fund" also increased. Total non-financial assets were $0.71 million at the end of the 2013-14 fiscal year, a decrease of $0.02 million (3%) over the previous fiscal year's total of $0.73 million.



Financial Statements

ACOA's complete 2013-14 financial statements, which include the Statement of Management Responsibility Including Internal Control Over Financial Reporting and its annex, can be found on the Agency's website.

Supplementary Information Tables

Supplementary information tables can be found on ACOA's website:

- Departmental Sustainable Development Strategy
- Details on Transfer Payment Programs
- Evaluations and Internal Audits
- Horizontal Initiatives
- Responses to Parliamentary Committees and External Audits
- User Fees

Tax Expenditures and Evaluations

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance publishes cost estimates and projections for these measures annually in the *Tax Expenditures and Evaluations* publication. The tax measures presented in the *Tax Expenditures and Evaluations* publication are the sole responsibility of the Minister of Finance.

Section IV: Organizational Contact Information

Atlantic Canada Opportunities Agency
644 Main Street
P.O. Box 6051
Moncton, New Brunswick E1C 9J8
Canada
(Courier address: E1C 1E2)

General inquiries: 506-851-2271
Toll free (Canada and the United States): 1-800-561-7862
Facsimile: 506-851-7403
Secure Facsimile: 506-857-1301
TTY[xx]: 1-877-456-6500
Access to Information/Privacy: 506-851-2271
http://www.acoa-apeca.gc.ca/Eng/Pages/Home.aspx

Appendix: Definitions

appropriation: Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures: Include operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report: Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Reports on Plans and Priorities. These reports are tabled in Parliament in the fall.

full-time equivalent: Is a measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada outcomes: A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure: A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures: Include net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance: What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve and how well lessons learned have been identified.

performance indicator: A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting: The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending: For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive

Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their RPPs and DPRs.

plans: The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities: Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program: A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

results: An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

Program Alignment Architecture: A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

Report on Plans and Priorities: Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

Strategic Outcome: A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program: A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target: A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

whole-of-government framework: Maps the financial contributions of federal organizations receiving appropriations by aligning their Programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

[i] *Atlantic Canada Opportunities Agency Act*, R.S.C., 1985, c. 41, 4th Supp.

[ii] *Kaizen* is a Japanese word that means improvement. Kaizen is recognized worldwide as an important pillar of an organization's long-term competitive strategy. ACOA has adapted this process to address a particular issue over the course of a week by asking employees to evaluate a specific process with improvement in mind and implementing the changes during the same time period.

[iii] Calculations by ACOA using Statistics Canada data, CANSIM Tables 379-0030 and 379-0031.

[iv] Calculations by ACOA using Statistics Canada data, CANSIM Tables 379-0030 and 379-0031.

[v] Calculations by ACOA using Statistics Canada data, CANSIM Tables 379-0030 and 379-0031.

[vi] Measuring the impact on gross domestic product in Atlantic Canada is a long-term, multi-dimensional undertaking. Thus, the Agency will report results every five years, based on an analysis of data from internal systems, using econometric modelling from The Conference Board of Canada. This indicator will next be measured in 2018, covering the five-year period from 2013-14 to 2017-18.

[vii] Calculations by Atlantic Canada Opportunities Agency using simulations by The Conference Board of Canada, August 2013.

[viii] Centre for Special Business Projects, Statistics Canada, April 2014.

[ix] Centre for Special Business Projects, Statistics Canada, April 2014.

[x] ACOA, 2013-14 Roll-up of business skills development (BSD) activities in Atlantic Canada, Spring 2014. (Survey description: a questionnaire is distributed to all participants in BSD activities, which is filled out on a voluntary basis. Out of the 8,603 questionnaires received, 8,251 participants responded "somewhat" or "very much" to the following survey question: "Were the skills acquired through this activity relevant to helping with the start-up or survival/growth of a business? Select one: not at all/somewhat/very much".)

[xi] Ibid.

[xii] Centre for Special Business Projects, Statistics Canada, 2014.

[xiii] Ibid.

[xiv] Ibid.

[xv] Ibid.

[xvi] Report on IBD Activities: Atlantic Canadian SMEs participating in ACOA-supported projects are asked to complete an exit survey following the completion of an activity as well as another survey one year later to gather additional information. The survey is not mandatory, but efforts are made to obtain as many completed surveys as possible.

[xvii] Ibid.

[xviii] Centre for Special Business Projects, Statistics Canada, March 2014.

[xix] *Kaizen* is a Japanese word that means improvement. Kaizen is recognized worldwide as an important pillar of an organization's long-term competitive strategy. ACOA has adapted this process to address a particular issue over the course of a week by asking employees to evaluate a specific process with improvement in mind and implementing the changes during the same time period.

[xx] A teletype or teletypewriter (TTY) is a device that enables people who are hearing or speech impaired to use a telephone to communicate by typing and reading messages instead of talking and listening. A TTY is required at both ends of a conversation in order to communicate.